

DEPUTY ADMINISTRATOR

**MICHAEL MCCOOL**, DIRECTOR  
ADMINISTRATIVE SERVICES DIVISION

**DORMAN DAVIS**, DIRECTOR  
ELEC., GAS, & COMMUNICATIONS DIVISION



**GEORGE M. FLEMING**  
GENERAL COUNSEL

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**ROBERT G. WAITES**, DIRECTOR  
WATER & SEWER DIVISION

**CHRISTOPHER GARBACZ**, DIRECTOR  
ECONOMICS & PLANNING DIVISION

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PUBLIC UTILITIES STAFF

**ROBERT G. WAITES**  
EXECUTIVE DIRECTOR

January 23, 1998

VIA FEDERAL EXPRESS

Mr. William F. Caton  
Office of the Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, DC 20554

Re: CC Docket No. 96-45 (Report to Congress)

Dear Mr. Secretary:

The Mississippi Public Service Commission (MPSC) respectfully submits the original and four (4) copies of its comments in response to the FCC's Public Notice of January 5, 1998, regarding Common Carrier Docket No. 96-45 (Report to Congress).

Sincerely,

A handwritten signature in cursive script, appearing to read "George M. Fleming".

George M. Fleming  
General Counsel

GMF/pw

Attachments

cc: International Transcription Service, Inc.  
Sheryl Todd, FCC

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**BOBBIE J. MOORE**, DIRECTOR  
WATER & SEWER DIVISION

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ECONOMICS & PLANNING DIVISION

PUBLIC UTILITIES STAFF  
**ROBERT G. WAITES**  
EXECUTIVE DIRECTOR

January 23, 1998

VIA FEDERAL EXPRESS

International Transcription Service, Inc.  
1231 20<sup>th</sup> Street, NW  
Washington, DC 20036

Re: CC Docket No. 96-45 (Report to Congress)

Dear Sir:

As requested, we are attaching a copy of the comments of the Mississippi Public Service Commission relating to the referenced matter.

Sincerely,

A handwritten signature in black ink, appearing to read "George M. Fleming".

George M. Fleming  
General Counsel

GMF/pw

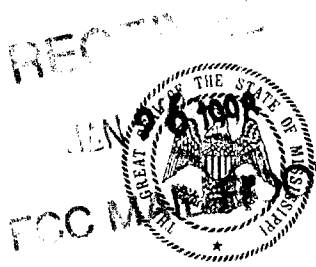
Attachment

cc: William F. Caton, FCC ✓  
Sheryl Todd, FCC

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ECONOMICS & PLANNING DIVISION

**PUBLIC UTILITIES STAFF**

**ROBERT G. WAITES**  
EXECUTIVE DIRECTOR

January 23, 1998

VIA FEDERAL EXPRESS

Ms. Sheryl Todd  
Federal Communications Commission  
Universal Service Branch  
8<sup>th</sup> Floor  
2100 M Street, NW  
Washington, DC 20554

Re: CC Docket No. 96-45 (Report to Congress)

Dear Ms. Todd:

As requested, we are attaching a diskette with the comments of the Mississippi Public Service Commission relating to the referenced matter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'George M. Fleming', is written over a light background.

George M. Fleming  
General Counsel

GMF/pw

Attachments

cc: William F. Caton, FCC ✓  
International Transcription Service, Inc.

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JAN 26 1998

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Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, DC 20554

DOCKET FILE COPY ORIGINAL

In the Matter of

Federal-State Joint Board on  
Universal Service

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)  
)

CC Docket No. 96-45  
(Report to Congress)

**COMMENTS OF MISSISSIPPI PUBLIC SERVICE COMMISSION**

The Mississippi Public Service Commission (MPSC) respectfully submits these comments in response to the FCC's Public Notice of January 5, 1998, regarding Common Carrier Docket No. 96-45 (Report to Congress).

Specifically, the MPSC is responding to Item Number 5, of the referenced Public Notice.

Mississippi is a rural state, in that 67% of the population is classified as rural. Furthermore, Mississippi has a high level of poverty. High cost, rural and poverty are a difficult combination to deal with under the FCC's proposal.

Comments made in the Petitions for Reconsideration filed by several other state commissions including Alaska, Arkansas, Texas, Vermont and Wyoming regarding the FCC's proposed 25% allocation are appropos for the MPSC as well. We believe the FCC's current proposal does not meet the requirements of the Telecommunications Act of 1996 and places an unreasonable burden on those states with high cost rural areas.

The following supports why the FCC's current proposal is inappropriate:

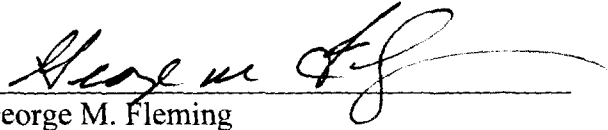
- Section 254(b) clearly assigns the task of establishing "specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service" to the FCC and the Federal-State Joint Board. In electing to support only a 25% funding need, the FCC

does not meet the mandate of the Act. The FCC has placed a heavier burden on states with high cost rural areas to fund the remaining 75%.

- Apparently, the FCC has chosen this 25% support by adopting the historical allocation of 25% of the unseparated loop costs to the interstate jurisdiction for separations purposes. The FCC does not explain why this is the correct percentage of support for federal funding purposes. The jurisdictional allocation of loop costs bears no real relationship to the amount of support to be provided by the interstate universal service fund.
- The Act requires that rates for rural consumers be “reasonably comparable” to those of urban consumers. If a state is required to fund 75% internally, it is not possible for rates to stay reasonably comparable for consumers in high cost rural states compared to consumers in low cost states. State commissions in rural, high cost areas will have to substantially increase rates or establish high state USF assessments to compensate for the lack of federal support. In either instance, the final impact will fall disproportionately on low income, high cost rural states.
- The FCC should provide an amount of support from the federal fund necessary to equalize the burden across the states. As the Alaska PUC’s Petition for Reconsideration states, “universal service is a national goal, and the people in one state or region should not bear a disproportionate burden to meet that goal.”

For these reasons, the MPSC believes that the FCC has not met the requirements of the Act in providing for a sufficient universal service federal fund. The FCC should modify its proposal for allocation of universal support to a more reasonable approach which does not severely burden customers in rural and high cost areas.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "George M. Fleming", written over a horizontal line.

George M. Fleming  
Public Utilities Staff  
Walter Sillers State Office Building  
P. O. Box 1174  
Jackson, Mississippi 39215-1174  
Telephone: 601-961-5490  
Fax: 601-961-5804

Counsel for the  
Mississippi Public Service Commission